Distr.
LIMITED

ECA/SDEHSD/IRD/85/Rpt
October 1985

Original: ENGLISH

ECONOMIC COMMISSION FOR AFRICA

Regional Expert Consultation on the Role of Rural Co-operatives in the Productive Sectors in Africa

7-11 October 1985, Addis Ababa, Ethiopia

# REPORT

## A. INTRODUCTION

### Background and objectives

1. Africa has considerable growth potential. Given equitable access to resources, appropriate priorities of their inter- and intra-sectoral allocations, and the democratic process of decision-making at all levels, as elaborated besides others, in the ECA's Perspective Study 1/ (1983-2008) Africa can attain its "willed future" which the leaders had in mind when they adopted the Monrovia Strategy, the Lagos Plan of Action and the Final Act of Lagos.

2. Africa is predominantly rural and may remain so at the year 2000 and possibly beyond. Hence, the rural development of member States of the region is synonymous with their national development. The development of rural life, institutions and economy is the bootstrap by which Africa can hope to pull itself out of "The Paralysis of Multiple Debilitating Crises". 2/ In this effort, the co-operative movement can play a vital role.

3. There are various aspects of the co-operative movement. The objective of this Consultation was to discuss its role in the rural productive sectors. Higher productivity and increased production, with equity and people's participation, is essential for a better quality of rural life. Moreover, a sustained economic development is a necessary condition for other aspects of the co-operatives, such as credit, marketing and service, to be viable. Africa has by now some experience of the efficacy of the production co-operatives under different ideological predilections. Given the current socio-economic crisis and the need for pragmatic organisation structure and management to solve the crisis, it is necessary to make an objective assessment of the rural production co-operatives and consider the policy measures to make them more efficient form of organisation with grassroot involvement.

4. The purpose of the Consultation was to:

i) review genesis, structure, declared objectives of the national production co-operatives and their size and share within the cooperative sector and the overall economy;

ii) consider the policies - past and present - of the Governments towards production co-operatives;

iii) evaluate the impact of production co-operatives in rural areas on extension services, expansion of technology, income and food security through increased food production and its equitable distribution; and

---

1/ ECA, ECA and Africa's Development, 1983-2008, A Preliminary Perspective Study, Addis Ababa, 1983.

2/ A.Adedeji, The African Development Problematique, ECA, Addis Ababa, 1985.

iv) propose measures to promote production cooperatives in rural areas and policies and promotional institutions needed for the creation of a more conducive climate for the growth and success of production co-operatives.

Attendance

5. A list of participants is given in Annex II of the report.

Opening of the Consultation

6. On behalf of Prof. A. Adedeji, Executive Secretary, United Nations Economic Commission for Africa (ECA), Mr. M.A. Zaman, Chief, Integrated Rural Development Section, Social Development, Environment and Human Settlements Division, Economic Commission for Africa (ECA) inaugurated the Expert Consultation. In his inaugural speech he stated, inter alia, "we are indeed grateful to our learned experts from the African region, who have kindly accepted our invitation to be with us to share their expertise and experience in the rural co-operatives in the productive sectors in Africa. We also acknowledge, with gratitude, the co-operation of several organizations within and outside the UN system, which are involved and interested in the various aspects of the co-operative movement in our Region.

7. The aide-memoire, along with five country case studies which were commissioned by us, besides others, were sent out more than three months ahead of this Consultation. Our synthesis paper, based on the studies and other available literature, was mailed two months in advance. The papers of the organizations, collaborating with us in holding this meeting, have also been made available to you. I assume you had time to go through the papers carefully. If so, there is no need for me to deal with the background and purpose of this Consultation.

8. However, permit me to highlight some of the major points, which were made in the country case studies for your consideration please. The production co-operatives in the rural areas could theoretically cover both farm and non-farm activities. But, the studies have mostly concentrated on agricultural co-operatives, having made only marginal reference to non-farm activities. This is to be expected in a way, given the present stage of development of the region. Agriculture continues to be the dominant sector and may remain so at the year 2000 and even beyond in most countries of the region.

9. The genesis of production co-operatives in Africa ranges, inter alia, from ideological predilections to mono crop development to economic motivation. The growth of some of them is spontaneous in response to economic stimuli. The others are state-sponsored. The five country studies suggest that production co-operatives, as of now, form a very small part of co-operative sector and an infinitesimally smaller part of the overall economy.

10. Experience of production co-operatives in our Region, except that of Sudan, is of a relatively short period. Hence, their current performance, in terms of productivity and other indicators, is no guide for policy conclusions regarding their potential. However, based on the experience in Africa and wlsewhere, there is a prima facie case for pragmatic appraisal of the relative efficacy of the various organizational forms of production in the rural areas.

11. I wish to emphasize this point for your consideration. Our region can attain its "willed future", which the Leaders had in mind when they adopted the Monrovia Strategy, the Lagos Plan of Action and the Final Act of Lagos. Our Region has great growth potential. It is technically feasible for us to be collectively self-reliant at least in the basic of the basic needs of our people, i.e. food. A continued decline in food self-sufficiency ratio and relative neglect of our rural sector activities could well mean instability, silent genocide and further comparative deterioration of the quality of rural life. We must think and work together to reverse such a sad contingency, a contingency which is very much avoidable, given a consistent policy parkage in favour of the rural sector, appropriate institutional framework and incentive and enlightened and informed political will.

12. The Consultation provides you with an opportunity for serious thought and appraisal of our experience so far and cross-fertilization of ideas. I shall be following with keen interest your deliberations and particularly interested in your recommendations to develop production potential of our rural areas. I shall plead with you that in making your suggestions you will please consider their feasibility in the context of historical background, polotical framework, social environment and management capability."

## Election of officers

13. The Expert Consultation elected the following:

| | | |
|---|---|---|
| Chairman: | Mr. K.R. Majome | (Zimbabwe) |
| Rapporteur: | Mr. Tegegne Teka | (Ethiopia) |

## Adoption of the agenda and organization of work

14. The Expert Consultation adopted the following agenda:

1. Presentation and discussion of country papers
2. Presentation and discussion of papers prepared by FAO, ILO, UNIDO and ICA
3. Presentation and discussion of the synthesis paper by ECA
4. Round up discussion
5. Adoption of the report of the Consultation

SUMMARY OF NATIONAL EXPERIENCE OF THE RUIE OF RURAL COOPERATIVES IN THE PRODUCTIVE SECTORS

15. The experts from Ethiopia, Ghana, Sudan and Tanzania presented papers relating to their countries' experiences on the subject matter, the summary of which are given below:

16. Ethiopia: In Ethiopia the idea of organizing cooperatives began in the 1960s. Proclamation No. 138 of 1978 established rural cooperatives with socialist orientation to cover various income generating farm and non-farm activities. The Peasant Associatio of Ethiopia is the core rural grassroots institution, which is the basis of the Production Cooperatives. A minimum of three individual peasant households, who agree to combine their means of production into a collective ownership, may set up such a society. Such cooperatives may be registered and acquire legal entity if it has at least thirty peasant households as members. These cooperatives may be of three categories, viz. (i) primary, (ii) secondary and (iii) advanced depending on level of integration of the means of production. As of June 1984, there were 992 societies at primary level and 497 at secondary level. There was as yet no cooperative society at the advanced level. In Ethiopia there were 1,489 agricultural producers' co-operatives with a total membership of 94,368 households. They own two per sent of the total cultivated land of the country. Estimate of the coverage of the rural production co-operatives, dealing with artisans are not available.

17. The Ethiopia study limits itself to stating, inter alia, her agriculture is increasingly unable to feed the rural population let alone generate the marketable surplus. This cannot be taken as an indication how the production co-operatives are doing vis-à-vis the individually operated farms, specially since the share of production co-operatives of the total cultivated land is marginal.

18. The study could not provide any information regarding increase in income and improvement in standard of living due to non-availability of relevant data. However, it did provide some interesting information regarding the average disposable income of households, which belong to "strong" and "weak" production co-operatives. The annual income of the former was $429 and that of the latter $142. The average income of the households belonging to these two types of co-operatives comes to $32. (The per capita income of Ethiopia is $149). A case study of two agricultural producers' co-operatives, which was conducted in 1983, inter alia, ..... even in good years the co-operatives distributed an amount which is far higher than the value of their net output. Such a distribution is sustained through borrowing and sale of assets.

19. Ethiopia suffers from declining food self-sufficiency ratio. Given the production co-operatives' marginal share of the total cultivated land there, their responsibility for food deficit at macro level is very little indeed; although these cooperatives got special attention in provision of extension services. However, the diffusion of

modern technology in rural Ethiopia is very limited. The Agricultural Production Co-operatives mainly use traditional technology. There are, on an average, 55 oxen; 0.6 horses and 0.05 tractors per cooperative. This shows, by implication, the predominance of traditional means of cultivation. It could be one of the factors that hampers the increase in production.

20. Ethiopia recognizes the importance of people's participtiption. It thus provides tha a minimum of three households may decide to form a cooperative and manage it for collective benefit. The main organs of the management of these cooperatives are (i) the General Assembly, (ii) the Executive Committee, (iii) Inspection and Control Committee, and (iv) Development Committee of which the General Assembly is the supreme body. Hence, participation of the members is well ensured, specially since the land reform of 1975 established a fairly equitable base for access to productive resources and other facilities.

21. Ethiopia has been trying to strengthen the production cooperatives by providing the complementary infrastructure. A cooperative institute has been set up. It has, besides others, trained 1,259 officials of the production cooperatives in management so far. These cooperatives themselves are participants in the villagization programme, construction of self-help stores, schools and the spread of technology.

22. Ghana: In Ghana production cooperatives started in 1928 "primarily as an instrument for improving the quality of the cocoa crop". The next one to start was in the fishery sector in 1962. In 1973 Ghana Co-operative Agricultural Producers and Marketing Association was formed to facilitate increased food production and marketing.

23. The Cooperative set-up on Ghana involves two main organizations: (i) the Department of Co-operatives and (ii) the Cooperative Movement; which has a four-tier struct The Department is responsible for development, registration and supervision of the cooperatives and auditing and education of their members and officers. It is the link between Government and the Movement. In Ghana the share of the cooperatives in the economy is very small. In terms of volume of business, the production cooperatives accounted for less than three per cent of the cultivated land in 1974.

24. Ghana decided to socialize agriculture in 1960-61. However, the phase of socialization came to an end in 1966, which was followed by efforts to promote co-operatives more akin to the conventional model of democratically managed voluntary associations on the one hand, and on the other, to permit and encourage private and non-governmental institutions to organize rural group production farms, some of which is based on traditional informal models. The successive Governments since 1966 have concentrated their efforts on creating a framework, which would stimulate the evolution of a democratic and self-reliant cooperative system, albeit with initial material and financial assistance from the Government. As a result of non-doctrinnaire attitude towards group action, a sub-sector of pre-cooperative like enterprises have emerged under the organizational efforts of financial institutions, churches and women's organizations.

25. The available Ghana data indicates the productivity of production cooperatives is less than that of individually owned farms. It appears that net sales per member of rural artisans' cooperatives may, however, be better than of lone operators, possibly because of increasing returns through contracts, division of labour and marketing.

26. The production cooperatives generally have yet to perform well enough to improve income and standard of living. The possibility exists for artisans. The official data shows substantial rural-urban income differentials and inequities skewed against rural areas. They are widening. The income of the rural people worsened by 15 per cent between 1970 and 1983. Given the extremely marginal nature of the cooperative sector, it will be unreasonable to ascribe to it the current declining food self-sufficiency ratio in Ghana, especially since a survey shows that extension services to the co-operatives in general are limited and rather poor and seem to be declining except for those which are intended for soap-makers. However, in Ghana the cooperatives did receive at one stage massive technological innovations in the form of tractor-mechanization; improved seeds and chemicals, etc. But, these were inappropriate and poorly maintained.

27. The level of people's participation at primary society level appears to be low and at secondary level even lower in Ghana. In one case study it was found that 70 per cent of cooperators had never been invited to meetings and only 25 per cent of societies held annual meetings. It will thus be seen the democratic aspects of co-operatives were rather over-looked.

28. Besides the cooperative movement in Ghana shows limited interest in inter-society linkages. The primary societies generally tend to be a single purpose or single commodity enterprise. The usual preference is to have business transactions with the private sector. For example, poultry producers have no links with cooperative producers for feed supply and gin distillers purchase their raw materials from private cane farmers and so on.

29. Sudan: In Sudan the production cooperatives were started in the 1930s at the initiative of small farmers to have large pump irrigated schemes by pooling resources. The 1940s saw formation of mechanized rainfed cooperative farms and that of small flour mills in the rural areas. In the 1950s dairy cooperative societies were established and in the sixties farmers' cooperatives bought and operated combine harvesters. The 1970s witnessed the formation of cooperative poultry farms and that of fishermen cooperatives. These cooperatives were set up, inter alia, for the introduction of more economic technique of production.

30. There has to be fifty members to form a primary cooperative society. It has to register to be a legal entity. These societies, covering production and other economic activities, form the cooperative unions at various levels, including national. Sudan recognizes the cooperatives as one of the four sectors of the economy. However, the number of production cooperatives, as a percentage of all types of societies, as well

as their share of aggregate cooperative membership and share capital have been declining over the years. It was estimated in 1979 that the share of this sector of the country's GDP was no more than 0.8 per cent. This is due to the fact that only one-sixth of both the total number of cooperatives and their membership was accounted for by production cooperatives.

31. In Sudan the attitude of successive Governments to cooperative movement has always been positive but their willingness to facilitate their growth was uneven. Early attempts by the Colonial Administration to encourage the creation of cooperatives gave way after World War II to attempts to control (and even contain) their growth. In the period between 1956-68 the cooperative societies were denied any financial aid. The post-1969 Government took a positive attitude and took a series of steps to re-vitalize it; which kept on growing in scope and volume of transactions till 1978. But, in the period between 1977-78 to 1982-83, the cooperative sector was virtually frozen. The Ministry of Cooperation and Rural Development, which was set up in 1969 was reduced to that of a mere administrative unit.

32. The Sudan case study asserts that large-scale, pump-irrigated farming is far more remunerative than small scale water-wheel irrigated cultivation; but provides no substantiating data; although the logic of it is self-evident. It also claims production cooperatives brought about significant increases in the productivity of rural producers. Such increase, other things remaining the same, should have resulted in an increased income of the members of the production cooperatives. But, there is no information in the paper to this effect.

33. In Sudan the growth of production cooperatives was spontaneous and in response to an enlightened appreciation of the benefits of joint efforts, organization and economies of scale. The involvement of the Government either in establishing or guiding them was comparatively minimal.

34. There is a variety of co-operatives, specializing in agricultural production, dairy, livestock, poultry, processing, marketing and in providing credit. However, it is not clear from the study whether there are institutionalised linkages - backward and forward - between them. If so, how organized and committed they are that the output of one will be absorbed as the input of the other so that the leakages of benefits of integration outside the cooperative sector is reduced.

35. Tanzania: In Tanzania, the production cooperatives were started in the mid 1950s; the inter alia, introduce socialism. Their structure has been changing over the years in the light of experience and new developments. The village settlement schemes of Tanzania in the sixties had a typical hierarchial structure with Government appointed managers at the top. The rural production cooperatives, registered under the Co-operative Act of 1982, now have less bureaucratic management. The rural producers' cooperatives, along with urban counterparts, can form a cooperative union. Such Unions, in turn, form the National Apex Organization.

36. The estimated number of producers' cooperatives was 580. According to the 1979/80 village survey, 3 per cent of the farms is estimated to be collectively cultivated; although 63 per cent of the village claim to be collective farms. 14 per cent of the villages have co-operative farms, which represent 5 per cent of the cultivated land. The balance 92 per cent of the farms are still individually cultivated. The indications are that the role of production co-operatives, however defined, is still marginal in Tanzania.

37. The policy of Tanzania is to actively promote production cooperatives as a means to socialize production and to encourage communal living. To speed up the implementation of the policy, the Village Act of 1975 was passed, under which the land belonged to the village. The settlers had only users' right. The other drastic change introduced by the Act was the shift from the voluntary process to the compulsory membership in the production co-operatives.

38. However, Tanzania, in the light of the experience gained in 1975-80, issued more pragmatic guidelines in 1981. Its main features are the following:

i) respect for autonomy of the societies in their management;

ii) appreciation of the need for training to produce a management cadres of various levels and expertise, and

iii) advocacy for gradual shift from traditional method of cultivation to more appropriate technology to raise productivity.

In 1982, a new Co-operative Societies Act was passed, which provided for a three tier system consisting of (i) primary societies, (ii) secondary societies and (iii) an apex organization.

39. Tanzanian study does not have any comparative figures giving the performance of either farm or rural non-farm activities, which are carried out either by the co-operatives or by individuals. However, the study significantly states, "in general, talking about the productivity of production cooperatives in rural areas, the best summary is the remark made by the President in 1975; even if he had to sack all agricultural officers, agricultural production in Tanzania would in no way be affected."

40. In Tanzania extension services seem to have been in serious disarray to call for such severe criticism by the Head of State. Similarly Tanzanian production co-operatives did not seem to have benefitted from yield raising technology. They use 70 per cent of the traditional seeds from the last harvest. The increase in area under cultivation is negligible. 80 to 85 per cent of the land is cultivated by hoe. The attempt to mechanize cultivation was not well thought through.

41. Tanzania is committed to an egalitarian participatory society. However, this commitment still remains to be reflected in increased income with equity. In fact, real rural income actually declined by four per cent between 1969 and 1975. The

past years have seen continuing declines in output and hence in income. However, the members of production cooperatives benefitted from the spread of infrastructure.

42. Tanzania seems to share Ghana's experience in stimulating people's participation at the grass roots through the cooperatives. In majority cases, the level of participation is very low; as is evident from the Tanzanian case study. 0.3 per cent societies had no meeting in 1981; 53.2 per cent had one meeting; 13.8 per cent had three; 17.6 per cent had 3 to 6 and 15.1 per cent had more than six meetings. Moreover, the cooperatives gradually lost its voluntary and democratic character and became an almost vertical extension of the Government bureaucracy and the party in power.

43. In Tanzania the cooperatives have a strong tendency to limit themselves to production of primary commodities. They do not themselves generally undertake processing and marketing. These are left to designated institutions. The advantage, therefore, according to the Tanzania study, goes to the Government sponsored parastatals. However, in some cases the cooperatives do adopt an integrated approach. An example in point is Lushoto Integrated Development Project.

44. The expert from Benin, Mr. P.D. Coco could not attend the Expert Consultation. However, his paper "Production Co-operatives and Rural Development in Benin (ECA/SDEHSD/IRD/WP.1)" along with other country case studies were circulated to all invitees of the Consultation three months in advance. The synthesis paper "The Role of Rural Co-operatives in the Productive Sectors in Africa (ECA/SDEHSD/IRD/85/WP.6), which was prepared by ECA also incorporated the substance of Mr. Coco's paper. The synthesis paper was also sent out to the invitees two months in advance. Hence, the Consultation decided that a summary of Mr. Coco's paper should form part of its report.

45. Benin: In Benin group farming is an old tradition. In 1975, it decided to socialize means of production. The following order of preference of farm ownership thus emerged: i) state farms; ii) co-operative farms and iii) individually owned farms. The existing Village Groups for production were converted into pre-cooperatives Revolutionary Groups (GRVC); which were, in turn, converted into Experimental Socialist Farming Co-operatives (CAETS).

46. There are two types of GRVC. They are: (i) GRVCs where the farm income is retained by the farmers individually and (ii) collective GRVCs, where the income is pooled for allocation according to one's work points. Each of these co-operatives has at least seven members and 0.5 ha. of land or more.

47. The GRVCs graduate to CAETS over time. Their responsibility is to collectivize the means of production in accordance with the national policy of Marxism-Leninism. CAETS try to introduce modern means of production to raise productivity, have a democratic management and distribute income according to labour. The share of pro-

duction co-operatives in Benin is between 2 to 2.5 per cent of the cultivated area and cover 0.31 per cent of the active farm population. These co-operatives is a step towards state ownership and management. Hence, Benin's Fundamental Law requires that the state shall:

(i) take all necessary steps to promote and develop the co-operative sector; and

(ii) encourage the people to organize themselves gradually into various forms of co-operatives in accordance with the principle of free consent.

The responsibility to organize the people for productive purpose is entrusted to "Regional Action Centres for Rural Development" (CARDER). It is with the support of CARDER that GRVC and CATES are established and developed; which Benin regards as priviledged production units.

48. In Benin output per hectare of agricultural crops has been higher in production co-operatives than in the individual farms during the period 1981-1983. The comparative data regarding the productivity of fishing co-operatives and that of the cooperative processing cassava into garri is not available.

49. The co-operatives are expected to sell the cash crops to the CARDER. But, they have the option to decide how the cereal crops will be disposed of. The societies may produce a marketable surplus of cereals to enable them to (1) make the members self-sufficient in food and (2) generate cash income by selling their surplus in the market. In addition to the increased income, the cooperatives provide continuing civic training to its members and encourage them to build and maintain socio-economic infrastructure.

50. Given the production cooperatives' marginal share of the total cultivated land in Benin, the credit or debit for food self-sufficiency or food deficit at macro level would have been very little indeed. At micro level, however, the members of the production cooperatives seem to have become self-sufficient.

51. CARDERS give top priority attention to the production cooperatives in providing extension services. Similarly, CARDERS have, amongst others, Rural Engineering Divisions to facilitate the introduction of technology in the production co-operatives and others. These benefits possibly partially explain the superior performance of the production cooperatives.

52. Benin's experience of stimulating people's participation through the production cooperatives is interesting. The older generation does not like joining the co-operatives due to their preference for making autonomous decisions. However, the younger generation is actively interested in the cooperatives for a variety of reasons and motivation.

53. Besides production co-operatives, Benin has a network of institutions dealing with other aspects of the development, such as Training and Extension Division, Marketing, Processing and Packing, Statistical Studies, Research and Planning and Agricultural Credit Fund. However, it is not clear whether these institutions would have been set up anyway or their establishment was necessitated by Benin's policy of fostering production co-operatives.

SUMMARY OF THE TECHNICAL PAPERS BY THE UNITED NATIONS SYSTEM AND OTHER CO-OPERATIVES IN FOOD PRODUCTION WITH PARTICULAR REFERENCE TO FOOD STORAGE AND SECURITY: ILO

54. Co-operatives and co-operative type associations have potentially an important part to play in food production, particularly in Africa, where many countries are facing food self-sufficiency problems. The main characteristics of any type of co-operative is to be self-managed, autonomous association based on voluntary membership. Co-operatives must be economically viable in serving the needs and interests of their members. Agricultural co-operatives, besides dealing with production is also concerned with storage activity, which responds to an important need of African co-operatives members to increase their standard of living and food security.

55. Many African countries, in order to raise food production have implemented communal farming through land nationalization or reclammation. Such "co-operatives" were often imposed on the farmers and thus lacked the essential characteristics of a genuine co-operative. Communal farming may be effective when it benefits from being a part of a country's dominant political philosophy, such as in Ethiopia and Zimbabwe. Elsewhere when communal farming is applied as the general production method, including food, serious difficulties often arise due to technical, economic and social factors.

56. Experience shows that "the potential conflict between the peasants' individual economic interest and the collective economic interest is most clearly seen in the division between private plot and collective cultivation. Unless a fairly stable equilibrium can be institutionalised between the two, this division of land, labour and resources can undermine the entire effort and lend either to a complete subdivision into individual forms or to an economically wasteful in between situation in which the private plots receive most of the resources while the bulk of the land in the collective sector stagnates. Communal farming, therefore, requires an investment in intensive education and training for farmers, including social, managerial and agricultural aspects, and also a thorough understanding of the concept.

57. There exists in many African countries, agricultural co-operatives, which provide imports for food production. But, these are usually insufficient for the farmers' needs. Similarly, only a small percentage of the advance provided by credit co-operatives is available for agriculture. Moreover, where funds are utilised for pro-

duction it is usually for cash crops. There are, however, some examples of the co-operatives, marketing food crops in Sudan, Cameroon and Ivory Coast.

58. But it must be recognized that in Africa, most of the existing marketing co-operatives are concerned with cash crops instead of food crops, because of the more attractive economic return, comparative lack of risks and a structural marketing system.

59. Storage services can be important during both the production and post-harvest stages. In fact, some countries, like Niger, Senegal and Benin have begun to promote a network of self-managed seed or cereal storage at the village level. Cereal Banks in food deficit countries aim at ensuring food security at the village level and with co-operative-managed storage facilities, to the particularly affected rural poor during this period.

60. In terms of food security it seems that large co-operatives are often unsuccessful in motivating and mobilizing their membership, except for certain specific activities which require economies of scale. The larger the co-operatives the greater the likelihood that the producers themselves lose control of the management and indeed their understanding of the complexities of the enterprise. For food production and storage, the smaller and more traditional associations at the local level - the pre-co-operative type seem more effective as they are within the management capabilities of the members themselves and usually undertake activities directly related to their feld needs. There is also at the local level a strong sense of community interest. However, pre-co-operatives type institutions at the local level, can only carry out certain limited activities. They need to be supported by co-operatives structures at other levels to take care of such services as import supply, storage, processing and marketing, where economies of scale and higher levels of management are needed

61. In this context it is important that a favourable climate should be created through Government measures as well as through technical and investment projects to encourage co-operative development. Such measures need to be supplemented by technical assistance in management, training and education and in planning.

## POLICIES AND MEASURES TO PROMOTE INDUSTRIAL CO-OPERATIVES IN AFRICA: UNIDO

62. Most African countries have since their independence strongly emphasized industrialization as a pivotal part of their development strategies, However, the bias in such strategies was in favour of large scale (urban based) investment and inappropriate technologies. Hence, the impact of industrialization on rural development was marginal.

63. But, the Lagos Plan of Action emphasizes a basic need approach to industrialization. An increased concentration on production of mass consumption goods in local markets would have the advantage of both satisfying demands for simple products and turning production towards less complex production technologies.

64. Industrial co-operatives, defined as manufacturing sector enterprises, organized on the basis of co-operative principles, are scarce in Africa and the amount of experience gathered about such productive farms is not extensive. Besides, there is hardly any evidence so far that these co-operatives per se have advantages in solving the region's problems of foreign exchange, technology, scale and range of goods.

65. It is, however, likely that the co-operatives will have a higher degree of accountability and clearer worker incentives than these usually experienced, for example, in large parastatals. Also the application of co-operative principles may lead to a better personal distribution of incomes than in a "free market" economy. Looking at experience, the perhaps most important fact about co-operatives is that they deal with small scale economic activities which are, inter alia, situated in rural areas. This fact creates an important link between industrial co-operatives and Africa's industrialization problems.

66. The circumstances which led to the formation of the early industrial co-operatives mostly in developed countries, are usually quite different from those of today's developing world. In most African countries, the problem is not so much that individuals or individual firms are without support or are being extended by larger co-operatives, but rather that there is a security of small industrial producers. The most important contribution of co-operatives in the present stage of African industrialization world seem to lie in their potential for building a basis for a striving small scale sector. Through alleviating interest problems in small scale industry development without detracting from the advantages of small scale production, co-operatives could provide an important stimulus to growth. And yet the reported success stories in Africa are so few mostly due to (i) narrow definition, (ii) consequent under-reporting, (iii) high expectations to achieve a multitude of conflicting objectives; and (iv) lack of managerial skill.

67. Despite the limited success so far, the co-operatives can conceivably be appropriate strategy to develop small scale industries in Africa. Main role of the Governments would be to encourage small firms to farm co-operatives and respond with advice and resources to the various problem solutions, which these co-operatives may come up with. The concrete focus and the extent to which co-operative approaches are used will vary from country to country, depending on political factors, what is considered the major problem and what resources are available to solve the problem. When one problem is resolved, a new one will crop up, as was the experience in Botswana.

68. Specific areas in which Governments can support small scale industries' co-operatives are training, credit and marketing. These are the key problems in the present industrial development crisis and at the same time areas where co-operative approaches have led to considerable success. The other area of Government intervention and support in the African region is the promotion of manufacturing co-operatives, which strengthen the links to agriculture.

EXPERIENCES OF AGRICULTURAL AND RURAL CO-OPERATIVES IN SOCIALIST COUNTRIES IN AFRICA: FAO

69. The available data suggests that in terms of conventional economic performance, in short was admittedly a very short time scale, co-operatives have not been successful. The co-operative production accounts for only a tiny fraction of agricultural output in all countries in Africa except Algeria. At the same time in most socialist countries a number of co-operatives at local level have not only survived but proposed and shown themselves capable of levels of productivity that compare favourably with other forms of production, while preserving a great equality.

70. Moreover, "success" is difficult to measure in practice. It is not solely to be equated, even in economic terms, with production levels. The contribution to the process of accumulation, of bringing into being an enhanced productive capacity, even if the potential of that capacity is not always immediately realised, is an invaluable contribution.

71. Co-operatives are supposed to be of general benefit in socialist countries; they have the potential for increased production and for ensuring their desired benefits of growth. They should thus be able to provide a better life for their co-operators themselves; and at the same time meet Government's needs of increased marketed produce more crops for the towns and export, and more revenues; and thereby the needs for overall national development. In practice, progress is not so smooth nor are the goals of different actors all defined in the same way, in relation to production, nor are their interests so automatically reconcilable. In fact, the motivation for members to join may not always be one of ongoing in more productive works, as the reported experiences of Guinea, Mozambique, Tanzania and Zambia indicate. There is a suggestion that the motivation of the rural population in joining production co-operatives is the prospect of getting generous Government resources. They may continue to receive on-going subsidies so that some form of co-operatives stays in existence for bureacrats, all too frequently, "fall back upon the easiest and quickest way of getting things done giving money away".

72. The other alternative course adopted was to "mobilize" the villagers into village groups and expect them to contribute work to communal fields. In the worst cases, receiving little in return for work, that is only as hard as they can get away - despite

a degree of control from outside of self-appointed co-operative leaders. There are at the other end of the scale, a few encouraging experiments in many African countries in which genuine participation for all members in a self-managed community, usually quite small is able, generally after some hardships, to achieve significant capital accumulation not possible for the individual and an improved livelihood. The difficulty, which few countries have overcome, is how to replicate these isolated successes - a task that would seem to depend on government giving necessary support without bureaucratically killing initiative: a deliberate balance.

73. Such assistance will, inter alia, require dialogue between the Government and the rural people. In practice, however, there have been all too often in African experience attempts to dictate and extract from co-operatives from agriculture,

74. The reality that has to be explained in African experience is not solely that peasants' aspirations and perceptions were different from those implicit in a particular co-operative scheme or from Government's calculations about over-all development. For the record is mainly of a continued commitment of resources and Government preoccupations into forms of co-operatives that officialdom seeks to continue to pump inputs into long beyond any 'rational' calculation of justifiable returns to co-operators, to national growth or even to Government coffers. This persistence is clearly more political than economic. But, if by that one is simply levelling it "ideological", one explains nothing. Perhaps more revealing is to ask: who benefits? Apart from the conspirational answer of the suppliers of high technology like mechnnical and chemical inputs, the chief beneficiaries may be the officials themselves, in terms of their bid of patronage.

75. The overall lesson one gets is that if many co-operatives, whose plans are formulated by outside officialdom and then imposed bureaucratically, are often ill-conveived, too large and complex for local people and their needs, then there are some counter examples to suggest that this more bleak picture does not have to be. There is nothing inherent in the idea of producer co-operatives nor in the attitudes of African peasants nor in African farming practices or ecology that preordains all co-operatives to failure. Some do 'work'. There can be no single or simple formula for such "success" but the beginnings of the necessary trial and error may lie in developing a quite different, non-bureaucratic, socialist approach to co-operatives, that are small enough to be self-managing, where the change of production is recognizable step forward that can build on rather than ditch African peasants' one crucial asset: their unsurpassed knowledge of their own environment.

THE CONDITIONS NECESSARY FOR SUCCESSFUL PRODUCERS' COOPERATIVES IN AFRICA: ICA

76. The history of the cooperative movement in Africa starts as early as the beginning of this century when some cooperatives were introduced initially directly from Europe like the first agricultural marketing cooperative of 1906 in Zimbabwe and others, especially the agricultural credit movement, from Asia which was introduced in Mauritius in 1911. Since the colonial days nature and structure of the cooperatives in the Anglophone Africa somehow differred from those of the Francophone Africa. In the English speaking Africa most of the cooperatives were mainly what one may call agricultural marketing or service cooperatives. In the French speaking African countries especially those of the Western and Equatorial Africa there were mainly of agricultural mutual provident societies or pre-cooperatives which constituted grain reserves, and protect members from droughts, floods and other natural disasters.

77. After gaining independence mainly from the early 1960s the new African governments did not only accept cooperatives; they also tried to promote and support such co-operatives. As a result the cooperatives grew very fast, everywhere, in terms of the numbers of members and societies and also in volume of business and diversification of the societies. At times the fast growing cooperatives faced a lot of problems. There were a few African governments which even tried to abolish cooperatives or change them dramatically. But these cooperatives later restored to their original structure. In the meantime cooperatives have continued to grow.

78. There does not seem to be an alternative to the cooperatives movement as a tool for transforming the rural economic and social life in Africa. This belief is reflected in many statements made by both the cooperative and national leaders. However, the cooperatives have been through rough times. There have been serious problems which are well documented especially in the Commissions, and study teams that were appointed by the respective authorities to probe the cooperatives.

79. One interesting finding of those documents is the similarity of the cooperative problems in various countries. In fact the problems that are being faced are not confined to Africa. They have been historically repeated since Robert Owen the beginning of the last century. The problems have been faced wherever the pioneers started to initiate the cooperative movement.

80. The Socialist countries in Africa which have been engaged in building up production cooperatives, have gone through ups and downs before they reached the present stage where they seem to have started to stabilize somewhat. Hence, the debate is going on as to the best strategy and approach of developing production cooperatives.

81. The major problems that keep on cropping up in Africa as elsewhere, are the following: (a) Hasty starting of the cooperatives especially from the top to bottom, before the members understand them; (b) Inexperienced management (Zambia, Tanzania,

Ethiopia and Zimbabwe); (c) Uneconomic units that cannot support themselves financially (Tanzania and Zambia); (d) Lack of supporting infrastructure especially training and financial facilities, extension service, legislation etc., (Zambia and Zimbabwe); (e) Insufficient supervision and auditing (Zimbabwe, Zambia and Tanzania); (f) too much political interference (Ghana, Zambia, Tanzania and Ethiopia).

82. There are many other problems like nepotism and corruption which may not be unique to the cooperatives and yet do sometimes affect adversely the working of the co-operative movement.

83. Africa has now some experiences of how to tackle some of these problems. For, despite setbacks here and there, Africa has some success stories that are worth considering within and outside also African sister countries. We now have a better idea as to what are the conditions for building up successful producers' cooperatives in Africa.

84. Some of these conditions are as follows: (i) work for genuine cooperative organizations which are participatory, voluntary and democratic and based on the tested cooperative principles; (ii) allowing enough time for people to understand and accept the concepts and practice of the producers cooperatives; (iii) let the cooperatives grow step by step starting with few strongly felt and simple needs and then adding more complex functions; (iv) accept that the cooperatives are also economic enterprises (v) create the necessary infrastructures to support the growing producers co-operatives. Such infrastructure should include enough training and financing facilities sufficient extension services, supervision and appropriate legislation; (vi) try to minimize government and political interference, which should be confined to creating the necessary and conducive atmosphere to the cooperative growth and providing enough supporting services to the ongoing cooperatives.

85. In addition to the above, there are other conditions which may not be widely applicable to Africa, but they are worthy looking into. These include: (a) the importance of building cooperatives on the basis of accumulated experiences especially by the potential members of the production cooperatives. Such experiences include those of the agricultural marketing or service cooperatives which after all, include most of the functions that are undertaken by the producers' cooperatives (Sudan and Zimbabwe); (b) Better appreciation of the role of the household plots, which improve incomes of the cooperative members and can be undertaken without adversely affecting the co-operativised sectors. These are crops which are better suited for collective farming and others for personal and family labour. (European and Asian Socialist countries).

86. Lastly, one other condition that is vital in order to develop successful producers cooperatives is the need to have very clear cooperative policy that, among other elements, should define cooperation, state objectives, explain types of producer cooperatives and show the appropriate structure that would help to achieve the objectives. Without such policy to guide content and direction of cooperatives, it would be like someone groping in darkness not knowing where he was heading to, as it has been happening in Africa, so far.

ROLE OF RURAL CO-OPERATIVES IN THE PRODUCTIVE SECTORS IN AFRICA (Synthesis Paper): ECA

87. Africa has considerable development potential. To realise it there is a need for an institutional framework which will harmonize the considerations of efficiency with that of equity especially in the rural sector. The Co-operative movement theoretically provides such a framework. It has various aspects, one of which is production.

88. The genesis of production co-operatives in Africa ranges, inter alia, from ideological predilections to mono crop development, to economic motivation. The growth of some of them is spontaneous in response to economic stimuli. The others are state-sponsored. The five country studies suggest production co-operatives, as of now, form a very small part of co-operative sector and infinitesimally smaller part of the overall economy,

89. In Benin production co-operatives rank next to State Farms in order of priority. The policies of Ethiopia and Tanzania are broadly similar to that of Benin. In Sudan the Government policy towards production co-operatives have generally been positive but uneven in application. In Ghana the official policy first revolved around the production of cocoa, then became radical in favour of socialization and is now oriented to democratic and self-managed production co-operatives.

90. Experience of production co-operatives, except that of Sudan, is of a relatively short period. Hence, their current performance in terms of productivity and other indicators is no guide for policy conclusions regarding their potential. However, based on the five studies and relevant experience elsewhere, there is a case for pragmatic appraisal of the relative efficacy of the various organizational forms of production in the rural areas of Africa.

91. If no appraisal, the decision is in favour of production co-operatives, then a consistent, positive policy package has to be followed in an integrated manner at all levels to facilitate the realization of their growth-potential. Such a package will include feasibility studies, formation of co-operatives with homogenous socio-economic interests, provision of training, extension, credit, other inputs, marketing facilities and appropriate price policy. In designing it, historical background, political context, sociological environment and the stage of development have to be given due consideration.

SUMMARY OF DISCUSSIONS

92. In course of discussion of the papers, which were presented in the Consultation the following views were expressed.

93. It is desirable to recognise the co-operative movement's conventional principles of (i) apolitical character, (ii) economic enterprise, (iii) spontaneously organized voluntary organization to meet initially strongly felt simple basic needs, (iv) self-

reliance and self-help, (v) social cohesion and service, and (vi) democratic management.

94. However, these principles will have to be adjusted and adapted to the member States' dominant political ideology, sociological environment and the stage of development in deciding the organizational form, the level of Government involvement and structure of the cooperative movement in the African region.

95. The role of Governments at the initial stage of cooperative movement may not be possible either to overlook or avoid in Africa. However, its involvement should be in the form of policy guidance and creation of an environment, (which may include thorough-going land reform, where necessary) conducive to autonomous growth of the movement, as an economically and viable socially sensitive movement, specially of those marginalised and disadvantaged segment of the rural population. In fact, the sincerity and success of the Government in fostering the co-operative movement, as an economically and viable socially sensitive movement, specially of those marginalised and disadvantaged segment of the rural population. In fact, the sincerity and success of the Government in fostering the co-operative movement, irrespective of its objectives (viz. production, processing, marketing, credit input supply, village level food security storage, crop insurance and rural small-scale industries or rural trade union) will lie in its redundancy over time. In fact, views were expressed that the co-operative movement should be recognized as a separate sector and even be encouraged to compete with both public and private sectors.

96. A certain amount of concern was expressed over sudden changes and shifts in official policy towards the cooperative movement consequent on frequent change in political leadership and Governments in African member States. Such changes result in discontinuity in the growth and development of the co-operative societies and seriously shake confidence in them. Moreover, in some cases favourable declaration of intent does not mat h with consequent logical action, which causes disappointment amongst the cooperators existing and potential.

97. The cooperative movement has to be basically (at least in the long term) the concern and responsibility of the cooperators. In fact, in African context today, the self-initiated and self-managed small sized co-operatives, catering to an immediate felt need, perform better than the Large sized and imposed ones. Hence, there is a case to use the maximum restraint in using compulsion or offering financial temptation or political power in setting up such co-operatives. It is the wishes and interests of the cooperatives, which have to be harmonized with national socio-economic goals through a process of continuing dialogue at all levels and amongst all concerned.

98. In initiating the co-operative movement, and specially deciding on its structure and leadership, African States should first identify, through in-depth research, the traditional indigenous organizations - formal or informal, specific or multi-purpose oriented - which could be regarded as pre-cooperatives and then build on them over time, with or without the carbon copy or import of ideas or forms from outside. Such a course is more likely to be with the capacity of comprehension and behaviour pattern of largely illiterate rural population of Africa.

99. The criteria for evaluation of the performance of the cooperative movement can be diverse, whichever criteria is adopted, its economic viability will have to be assessed. However, the benefits the movement foster in terms of social cohersion, solidarity, self-management, collective bargaining power and grass root democracy, although non-quantifiable, have to be given due weightage in taking an overall objective evaluation.

100. The current paucity of methodologically satisfactory primary data for yield and other indicators of performance of the economic activities (specially cereals) carried out by the cooperative societies and other forms of production organization (such as private ownership of means of production or their socialization or collectivization) does not allow for objective comparative study of the relative efficacy of the production cooperatives and non-co-operatives. There is a need to build up time series data of production and other indicators of performance of both production cooperatives and non-cooperatives. The cooperators may, given training and resources, start keeping their own records.

101. The formation of production cooperatives have hardly made even marginal difference in introduction of appropriate technology and balanced combination of yield raising inputs and their supply at farm or rural level on time. The same was the case with extension services to the cooperators. The view was strongly expressed that the jump from hoe cultivation to mechanization in some countries was ill-thought out and inappropriate; costing the countries considerable foreign exchange. The participants thus favoured a step by step shift in technology appropriate to the current situation and maintenance capability.

102. The view was widely expressed that to enable the cooperative members to participate meaningfully in their own affairs there is need for the on-the-job-tailor-made training in various aspects of management, including book-keeping and its simplified presentation.

103. The vertical linkages amongst the cooperatives, with specialized interest are marginal to-day. Consequently, the 'leakages' of the "value-added" are serious to the detriment of the interest of the cooperatives of, say, primary agricultural crop producers, such as food. An integrated approach linking input supply, credit, production, processing, storing and marketing could benefit the cooperatives better and make them financially more attractive to join in.

104. The production cooperative societies have so far received the smallest share of institutional credit. There are few Cooperative Development Banks; the most noteable being is the one in Sudan; which finances the production cooperatives on profit-loss

sharing basis. Nor is there any such Bank elsewhere, where the cooperators hold 60 per cent of the share capital and, therefore, management control. In other countries, the production cooperatives could hardly compete with the private sector, with required security, contact, lobby and familiarity with complex Bank regulations in getting loans. Hence, they continue to be financially weak and therefore vulnerable to political pressure and/or bureaucratic "play-safe" attitude.

105. The importance of regional and international inter-cooperative contacts was stressed in the discussion. Such contact, it was felt, would facilitate sharing of national or regional experience, which have so far been over-looked. There is so much to learn from experience within Africa and from other developing countries, at comparable stage of development. Such learning process will reduce the cost of "trial-and-error" of the experiements with forms of rural organization in the productive sector, which are now being carried on in the member States of Africa.

106. It is widely recognized women and youth constitute the major segment of the African region's population. Their contribution to the economy is very substantive and significant and still largely remain either unpaid or unrecognized. They should have already been drawn into the cooperative movement, if necessary, by forming separate cooperatives for women. The disabled deserve similar cooperative support.

107. The participants noted the decreasing self-sufficiency ratio of food in Africa with great concern. They felt the production cooperatives in all countries of Africa should have given first priority to the basic of basic needs, i.e. food self-sufficiency with equity.

## RECOMMENDATIONS

### GENERAL

108. This Consultation is of the view that the crises that face Africa, namely, declining food self-sufficiency ratio, food insecurity, and widening income disparities, can be resolved by organizing production within a framework that harmonizes efficiency with equity, especially in the rural sector; and that cooperative production provides such a framework. Accordingly, the Consultation focussed on production cooperatives and made the following recommendations for action at the national, regional and international levels.

### Food security

109. Production cooperatives should be developed and encouraged to contribute to food security by (a) expanding total production, especially local foodstuffs, (b) diversifying commodity production consistent with the demands for increased food production, (c) building storage facilities at the village level, and (d) undertaking food processing.

NATIONAL

The nature of cooperative

110. Cooperative Development, based on familiar conventional principles, is an ongoing process. The specific practices that emerge must depend on the peculiar social, economic, and political circumstances of a particular community. However, self-reliance and self-management are underlying aims and ultimate goals.

Role of Government

111. Cooperatives can grow and prosper provided that: (a) governments provide a favourable economic and political environment; (b) public policies on cooperatives are stable over time; (c) cooperatives participate in the formulation of policies on their growth and performance (e.g. on cooperative development policy, and price policy) through a process of continuing dialogue at all levels.

Indigenous systems as basis

112. Indigenous or traditional pre-cooperative systems which are understood by the people, may be adopted as a basis for the growth and development of the more modern and complex systems, at a rate in consonante with the growth of the management capacity of the cooperators.

Evaluation

113. (a) There is need for the development of a strong data base for purposes of management and evaluation of cooperatives; (b) evaluation should be regular, and should be based on the following criteria: (i) economic performance, (ii) benefits to members, and (iii) contribution to socio-economic development.

Technology

114. (a) Traditional technology should be improved and developed; (b) imported technology should be adapted to local conditions; (c) local capacity should be built to develop appropriate technology.

Integrated approach

115. (a) Cooperatives should explore opportunities for improving economic performance through horizontal linkages (i.e. similar cooperatives coming together) and vertical linkages (i.e. linking successive stages of activity from input supply to production, processing, marketing, etc.), (b) Secondary and apex organizations of cooperatives could enhance economic performance at primary levels by channelling credit resources, conducting investment and audit studies, providing market information, etc.

Financial resources

116. Cooperative Development Banks, credit union associations, and other cooperative financial sources (e.g. Coop. Insurance Co.) should be developed to generate financial resources to assist cooperative production and provide cover against the risks of innovation and natural disaster.

Women and youth

117. (a) Women should be integrated into the cooperative system in order to improve their access to resources for economic enterprise (e.g. land, credit, technology) and their participation in management decision-making processes; (b) Cooperative organization offers an important route for the youth to enter the mainstream of the rural economy as participators; (c) the disabled should also be provided an opportunity for fuller participation in the economy through cooperatives.

Education

118. (a) Cooperative education should be introduced in the regular educational curricula to improve general awareness of the potential of cooperative action; (b) member education in the form of practical, need-oriented programmes should be developed to enable member to participate more effectively and control of their own societies.

Management training

119. (a) Special programmes of training in the management of cooperative enterprise in the management of cooperative should be mounted; (b) at higher levels of learning, professional or specialist courses in cooperation should be promoted.

Research and information

120. Research into the cooperative record should be encouraged by expanding research capacities; records of successful and disappointing cases should be analysed and reported to guide other cooperators as well as the non-cooperative sector. Such improved information could also pre-dispose important sources of assistance (capital flows) towards cooperatives.

Rural industrialization

121. (a) Village industry and existing handicraft could be developed through rural industrial cooperatives in small-scale enterprises; (b) rural industrial cooperatives should then develop links with urban cooperatives and small- and medium-scale enterprises to improve input supply and promote marketing; (c) links should also be developed with cooperatives and small and medium-scale enterprises in industrialized countries to go into food processing and foster trade and technology transfer, (d) apex organizations and governments should provide project identification and pre-investment studies, trade fairs and so on to assist rural industrial cooperatives.

Infrastructure

122. Governments should provide the necessary social and physical infrastructural support for the development of cooperatives.

Land reform

123. Land reform, where necessary, should be aimed at promoting continuing growth and equity and at assisting cooperatives.

REGIONAL AND INTERNATIONAL

External linkages

124. In some of the cases listed above for national action, some regional and international collaboration would be desirable or even necessary for full effectiveness. Collaboration between national and subregional and international agencies to promote investment flows to cooperatives, trade, joint economic ventures, technology transfer, training, cooperative management consultancies, among other things, would assist co-operative growth greatly.

125. Specific areas for such desirable collaborative efforts are listed below:

(a) Technology transfer: to assist in the building of local capacity for the development of appropriate technology.

(b) Management training: training and educational facilities for management capability development available in the region or outside to be extended to countries requiring them, to help develop local capabilities.

(c) Rural industries: links with regional agencies and small- and medium-scale industries or industrial cooperatives, to enhance market development, information exchange, technology transfer, business promotion (e.g. in processing and input supply), etc.

(d) External aid flows: to channel development resources, in the form of grants or loans to cooperatives.

126. The Consultation recognizes the assistance that the various UN agencies and other donors have given to African rural cooperatives, and urges international aid agencies and NGOs to step up their aid to this sector. The World Bank and its affiliate are urged to participate actively in this effort.

127. Finally, the Consultation recommends that Cooperative Development Decade be implemented and an International Cooperative Development Fund set up to coordinate aid to cooperatives in the Third World.

128. The participants recommend the consideration by the African Ministers of Social Affairs of the annexed draft resolution (Annex I) with a view to its possible submission for adoption at the Twenty-first session of the Economic Commission for Africa (Conference of Ministers).

DRAFT RESOLUTION

/The Conference of Ministers of the Economic Commission for Africa/

Aware of the need for integrated development of the African rural sector, where the vast majority of Africans live and work,

Recalling the Lagos Plan of Action and Final Act of Lagos, ECA and Africa's Development 1983-2008: a preliminary perspective study, and the Commission's first and second Special Memoranda on Africa's economic and social crisis,

Recognizing the commitment of all African member States to the basic principles of voluntary, participatory and self-managed co-operation,

Aware that co-operatives occupy a central place in the endeavours of all Governments that seek to modernize rural societies and economies,

Deeply concerned at the deepening food crisis in the African region,

Conscious of the important role which production co-operatives can play in the attainment of equitable development and food security for Africa,

Noting with dismay that their contribution in these areas is not commensurate with their vast membership and large human resource base,

Appreciating the support given to African rural co-operatives by the various United Nations agencies and other donors,

Noting with regret, however, that co-operative is one of the areas most neglected by international aid despite growing awareness in the international community of the importance of grass-root organizations in the achievement of integrated rural development in the third world,

Realising that different social, economic and political circumstances produce a diversity of co-operative structures and organizations, none of which can be regarded as a prototype or as suiting all situations,

1. Urges the members and managements of Africa's co-operative movements to:

   (a) Reaffirm their commitment to growth with equity in rural Africa and the realisation of food self-sufficiency for the continent;

(b) Seek to combine the functions of production, processing and marketing in fully integrated units of optimum size and efficiency;

(c) Give more emphasis to the production of food crops for domestic consumption;

(d) Diversify into rural and small-scale industries, to which they are clearly better suited than other forms of enterprise;

(e) Regroup in a manner that enables them to reap economies of scale and raise productivity without sacrificing the homogeneity of their membership;

(f) Adhere to the co-operative principles of self-reliance, voluntary membership and participatory management, and work towards early economic independence to safeguard their own autonomy;

(g) Give women full membership status and encourage them to set up and manage women's co-operatives; and

(h) Attract young people to the co-operative movement and organize school co-operatives so as to imbue children with the co-operative spirit early in life;

(i) Foster national, regional and international contacts between co-operatives to pool experience, trade products, and set up joint ventures;

2. Calls upon Governments to:

(a) Accelerate the growth of truly autonomous and self-reliant co-operatives;

(b) Promote the concept of co-operatives as instruments whose basic functions are to create income- and employment-generating activity, to mobilize and channel human and material resources into productive pursuits, to increase productivity by combining, organizing and utilizing resources more efficiently, to facilitate social cohesion, and to obtain tangible benefits for their members in a manner that furthers the national interest, satisfies Government objectives and ensures a fair and equitable sharing of wealth;

(c) Enable co-operators to devote their undivided attention to the achievement of the above goals;

(d) Formulate and declare clear, well-defined, long-term policies relating to co-operatives, expressing a firm commitment to their sustained growth and autonomy;

(e) Permit the gradual assumption by co-operative unions and organs of functions currently performed by the State bodies that supervise and assist co-operatives;

(f) Lend increased support to rural co-operatives, particularly in the form of management and membership training, book-keeping and auditing, data compilation and processing, extension among members and non-members, and the creation of storage networks and financial institutions (especially co-operative development banks) which apply credit criteria and techniques that suit co-operative enterprise,

(g) Engage in a continuous dialogue with the co-operative movement and involve its representatives in all matters that affect its welfare, particularly the formulation of co-operative policies, the drafting of related legislation, the designing of food strategies, and the pricing of agricultural products and inputs;

3. Requests the international aid agencies, including the World Bank and its affiliates, and non-governmental organizations to increase their aid to rural co-operatives in Africa substantially and render this aid directly as far as possible;

4. Recommends the implementation of the Co-operative Development Decade and the creation of an International Co-operative Development Fund through which aid to third world co-operatives may be funded and co-ordinated;

5. Calls on the Executive Secretary of ECA to bring the report and recommendations of this Consultation to the attention of all ECA member States.

# LIST OF PARTICIPANTS

Mr. Tegegne Teka
Institute of Development Research
Addis Ababa University
P.O. Box 1176
Addis Ababa (Ethiopia)

Dr. J. Dadson
Prof. & Head of Dept. of Agricultural Economy & Farm Management
Faculty of Agriculture
University of Ghana
P.O. Box 68
Legon
Accra (Ghana)

Prof. M. Hashim Awad
Dept. of Economics
Khartoum University
Khartoum (Sudan)

Mr. T. J. Mahuwi
Principal
Co-operative College
Post Box 474
Kobosho Road
Moshi (United Republic of Tanzania)

Mr. Erastus Mureithi
Commissioner for Co-operative Development
Govt. of Kenya
Post Box 40811
Nairobi (Kenya)

Mr. Ismail Diop
Directeur de l'Institut national de developpement rural (INDR)
B.P. 296 R.P.
Thies (Senegal)

Mr. K.C.L.Kwong Wing
Project Manager
Central Bank
3, Dumas Street
Post Box 572
Port Louis (Mauritius)

Mr. K.R. Majome
Director of Co-operatives
Ministry of Lands Settlement & Rural Development
Post Box 8158
Causeway
Harare (Zimbabwe)

Mr. J.J. Isaksen
Industrial Development Officer
Regional & Country Study Branch
UNIDO
Post Box 300
A-1400 Vienna (Austria)

Mr. M. Teravaimen
Regional Adviser on Co-operatives for Africa
ILO Regional Office for Africa
Addis Ababa (Ethiopia)

Mr. D. Beloglavec
Rural Organization Officer
ESH Division
FAO
Via delle Terme di Caracalla
00100 - Rome (Italy)

Mr. Tilak Raj Puri
Officer on Special Duty
Afro-Asian Rural Reconstruction Organization
C-118 Defence Colony
New Delhi, 110024 (India)

Mr. E. Anangysie
Director
ICA Regional Office for East, Central & Southern Africa
P.O. Box 946
Moshi (Tanzania)

Mr. S.E. Pellback
SIDA (Sweden)
Post Box 7005
S.750 07 Uppsala
Sweden

ECA Secretariat

Mr. Max Falade
Officer-in-Charge
Social Development, Environment & Human Settlements Division
United Nations Economic Commission for Africa (ECA)
P.O. Box 3001
Addis Ababa (Ethiopia)

Mr. M. A. Zaman
Chief, Rural Development Section
Social Development, Environment & Human Settlements Division
ECA
P.O. Box 3001
Addis Ababa (Ethiopia)

Mr. D. Oben
Economic Affairs Officer
ECA/FAO Agriculture Division
ECA
P.O. Box 3001
Addis Ababa (Ethiopia)

Mr. N. N. Djimbaye
Economic Affairs Officer
Social Development, Environment & Human Settlements Division
ECA
P.O. Box 3001
Addis Ababa (Ethiopia)

Mr. Gabre Yesus Haile Mariam
Senior Research Assistant
Social Development, Environment & Human Settlements Division
ECA
P.O. Box 3001
Addis Ababa (Ethiopia)

Ms. Turuwork Dawit
Senior Research Assistant
SDEHSD
ECA
P.O. Box 3001
Addis Ababa (Ethiopia)

Ms. Cynthia Thomman
Senior Administrative Assistant
SDEHSD
ECA
P.O. Box 3001
Addis Ababa (Ethiopia)